

U.S.-Peru Trade Promotion Agreement Market Access Results

Construction Equipment

Trade and Tariffs

This sector is defined by the Uruguay Round sector agreement on construction equipment in the World Trade Organization.

Construction equipment accounted for 10.5 percent of total U.S industrial exports to Peru in 2007, totaling \$333 million. The top U.S. exports in this sector included parts and attachments for construction machinery, dumpers, shovel loaders, and bulldozers. Peruvian tariffs range between zero and 12 percent, with an average of 5.9 percent.

Peruvian exports to the United States totaled less than \$2 million in 2007, a negligible percentage of total industrial exports to the United States. Top Peruvian exports to the United States included parts and attachments for derricks, cranes, and lifting and loading machinery. The United States is a signatory of the Uruguay Round sectoral agreement and as a result imposes zero duties on these products on an MFN basis.

Tariff Elimination

Overall, tariffs will be phased out according to four tariff elimination categories: immediate elimination, equal cuts over five years, equal cuts over seven years, and equal cuts over ten years.

For construction equipment, 95 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on the remaining 5 percent of exports will be eliminated over five years. Tariffs on less than one percent of U.S. construction equipment exports will be eliminated over seven years.

Tariffs on high-value construction equipment including bulldozers, mechanical shovels, boring and sinking machinery, and dumpers will be eliminated immediately upon implementation of the agreement.

Non-Tariff Barriers

Peru will eliminate its prohibition on the importation of remanufactured construction equipment, as defined in Chapter Four - Rules of Origin, on entry into force of the Agreement. Peru will eliminate tariffs on most remanufactured construction equipment immediately and will phase down tariffs on a small number of remanufactured goods over 10 years.